Edwards & Webster v *Coley*[5] and *Sumpter* v *Hedges.*[6] He also submitted that the plaintiff was not entitled to a claim by way of quantum meruit because the defendants did not make use of the plans he had prepared. He cited *Farnsworth* v *Garrard*[7] and *Sumpter* v *Hedges.*[6] Stage II of the project was the preparation of detailed drawings of the duplex units, including the structural drawings, for the approval by the competent authorities, followed by the award of the construction.

In my view, this is another unmeritorious defence. On the evidence, it was abundantly clear that the defendants did not have sufficient funds to continue with the project. As a result they placed an advertisement in the Straits Times to sell the land. DW3 said that the intention was to test the market. That, of course, could mean anything from selling it at an acceptable price to finding out what price the market would offer. But the fact remained that they did not proceed with the development after the plaintiff had terminated his services. The land was sold a few years later. The plaintiff said that he decided to terminate his services when he was given the run around when he asked for payment of his fees and when he saw the defendants' advertisement. The plaintiff wrote to the defendants giving his reasons for terminating his services. The defendants have never alleged that he was in breach of contract in so terminating. On the evidence, the plaintiff was completely justified in withdrawing his services from the defendants.

The final defence is that the plaintiff was not entitled to 11% of the total cost of the project but only 7.5% as on his own evidence the remaining 3.5% was intended for the other consultants. It was submitted that he could only recover in respect of any consultant whom he had paid for work done in relation to the project. In my view, this is also a bad defence. The terms of the agreement were very clear. He was entitled to be paid ⅓ of his fee on obtaining planning approval. It was common knowledge that at the stage of planning approval, only architectural work was required and not the services of structural engineers or quantity surveyors or other consultants. Accordingly, if the plaintiff had intended to charge only ⅓ of 7.5% as his fee up to the planning approval stage, he would have expressly provided for that fee. In view of the terms of the agreement, the question of quantum meruit does not arise. Nor, for the same reason, can it be implied that his fee would be reduced to 7.5% because the other consultants had not rendered any service to the project at that stage. The defendants have adduced no evidence to show what the practice was among the profession in relation to the matter in dispute or to show that ⅓ of 11% of the total cost of the project was exorbitant in relation to the amount of work the plaintiff would have put in up to that stage of the development.

There will be judgment for the plaintiffs in a sum equivalent to ⅓ of 11% of $1,492,000 less $14,000 with interest at the rate of 6% from the date of the writ to the date of judgment, and costs.

Order accordingly.

Solicitors: *LJ Wong Soh & Partners; Robert WH Wang & Woo.*

Reported by *Kevin Mathews*

Haw Par Brothers International Ltd & Anor v Jack Chiarapurk & Ors

HIGH COURT (SINGAPORE) — SUIT NO 1060 OF 1990
CHAO HICK TIN J
1 MARCH 1991

Civil Procedure — Interim injunction — Whether should be varied or discharged — Balance of convenience test

Companies and Corporations — Director's duties — Revelation of trade secrets — Breach of duties — Companies Act (Cap 50, 1990 Ed), s 157

Companies and Corporations — Members' rights — Right to have illegal acts restrained — Companies Act (Cap 50, 1990 Ed), s 409A

Companies and Corporations — Joint venture company — Duty of participants not to compete

Tort — Passing-off — Similarity of get-up — Whether will lead to confusion and deception

In October 1971, a joint venture agreement ('JVA') was entered into between the first plaintiff, C, and the first defendant with a view to reorganizing and expanding the Tiger Balm trade marks business of the first plaintiff. Under this agreement, two companies were formed: HPEAT (in Singapore) and HPTBI (in Hong Kong) (together referred to as the 'joint companies'). The first plaintiff and Chia Holdings (HK) Ltd were equal shareholders in the joint companies. The first defendant was also appointed managing director and chief executive of the joint companies, and at the date of judgment still held that appointment. The first plaintiff later transferred its shares in the joint companies to the second plaintiff. C similarly transferred its shares in the joint companies to the second and third defendants. All the transferees agreed to be bound by the JVA as if they were the original parties thereto. The first defendant had a substantial shareholding in the second defendant. The third defendant is a subsidiary of the second defendant.

Under the JVA, the first plaintiff agreed to grant licences to the joint companies to use the Tiger Balm brand trademarks and to manufacture, market and distribute the Tiger Balm products in the ASEAN countries, Hong Kong, Macau, Burma, Japan, Korea, the Pacific islands and in the Middle East. Pursuant to the JVA, certain companies controlled by the first defendant were also engaged to manufacture the Tiger Balm products of the joint companies. The JVA expired on 31 December 1991.

In February 1990, the plaintiffs heard from market sources that the first defendant and the companies which he controlled would be launching a new balm product in Singapore and Malaysia. In early March 1990, the general manager of the joint companies informed the first and second plaintiffs that the first defendant and his companies would be launching a new balm product. On 19 June 1990, the plaintiffs issued the present writ against the defendants, claiming injunctions and damages. The plaintiffs alleged that the defendants had breached their fiduciary duties as regards certain confidential information, had breached their contractual obligations and had engaged in passing-off. On 22 June 1990, on an ex parte application, the High Court granted interim injunctions against the defendants. These injunctions restrained the first defendant from 'doing or causing, procuring or permitting the second to sixth defendants' to do certain acts. These acts were dealing in any way with the Golden Lion Shield Balm products, passing off the Golden Lion Balm products as Tiger Balm products, acting in breach of fiduciary or contractual obligations under the JVA, and making unlawful use of confidential information relating to the business and production of Tiger Balm products acquired by the first defendant as managing director of the joint companies. The defendants then applied to vary or discharge the various injunctions.

Held, dismissing the defendants' application:

(1) The first defendant as managing director of the joint companies had a duty under s 157(1) of the Companies Act to act honestly and use reasonable diligence in the discharge of the duties of his office. Further under s 157(2) of the same Act, the first defendant as an officer of the company was precluded from making improper use of any information acquired by virtue of this position.

(2) The allegation that the first defendant had made use of confidential information furnished by the plaintiffs to the joint companies for the manufacture of the Tiger Balm products and in creating a similar balm with a similar get-up to the Tiger Balm products would be an allegation that the first defendant was neither acting in the interest of the joint companies nor acting honestly. He would also appear to contravene s 157(2).

(3) Under s 409A of the Companies Act, the plaintiffs as shareholders of the joint companies, who would be affected by the conduct of the first defendant, could apply for an injunction restraining the first defendant from engaging in conduct which constituted a contravention of the Act.

(4) As to passing-off, the court was satisfied that although there were differences of detail between the get-up of the plaintiffs' and the defendants' products, the similarities would have led to confusion and deception. There was a reasonably strong case that the hexagonal container used by the plaintiff had become associated exclusively with the plaintiffs' business.

(5) On the facts of the case, it would be difficult to assess whether damages would be an adequate remedy for either party. The loss to the plaintiffs could not be easily quantified. In addition, there could be damage to their goodwill. The court therefore ordered the continuation of the injunction.

[*Editorial Note*: The defendants have appealed to the Court of Appeal vide Civil Appeal No 57 of 1991.]

Cases referred to

1 *American Cyanamid Co* v *Ethicon Ltd* [1975] AC 396 (folld)
2 *United Dominions Corp Pty* v *Brian Pty Ltd* (1985) 59 ALJR 676 (folld)
3 *Torrington Manufacturing* v *Smith & Sons Ltd* [1966] RPC 285 (refd)
4 *Terrapin Ltd* v *Builders Supply Co (Hayes) Ltd* [1967] RPC 375 (refd)
5 *Lock* v *Lynam* (1854) Ir Ch 188 (folld)
6 *Warnink* v *Townend & Sons* [1979] AC 731 (folld)
7 *Reckitt & Colman Ltd* v *Borden Inc* [1990] 1 WLR 491 (folld)
8 *Schweppes Ltd* v *Gibbens* (1905) 22 RPC 601 (not folld)
9 *Payton & Co* v *Snelling, Lampard & Co* (1899) 17 RPC 48 (folld)
10 *Schweppes Ltd* v *Gibbens* (1905) 22 RPC 113 (folld)
11 *White Hudson* v *Asian Organization* [1965] 1 MLJ 186 (folld)
12 *Fisons Ltd* v *EJ Godwin Peat Industries Ltd* [1976] RPC 653 (distd)
13 *Re Coca-Cola Co* [1986] 1 WLR 695 (refd)
14 *John Haig & Co* v *Forth Blending Co Ltd* [1953] 70 RPC 259 (refd)
15 *Dent* v *Turpin* (1861) 2 J&H 139; 70 ER 1003 (folld)
16 *Alfred Dunhill* v *Sunoptic* [1979] FSR 337 (refd)
17 *Star Industrial Co Ltd* v *Yap Kwee Kor* [1976] FSR 256 (distd)
18 *Metric Resources Corp* v *Leasemetrix* [1979] FSR 571 (refd)
19 *Boots Co Ltd* v *Approved Prescription Services Ltd* [1988] FSR 45 (distd)

Legislation referred to

Companies Act (Cap 50, 1990 Ed) ss 157(1), (2), 409A

Michael Burton QC (*Koh Juay Kherng* with him) for the plaintiffs.

Michael Fyeh QC (*Tan Tee Jim* with him) for the defendants.

Cur Adv Vult

Chao Hick Tin J: The first plaintiff was and is the owner of the Tiger Brand trade marks and their business includes, inter alia, the manufacture, sale and distribution of the tiger balm products in various parts of the world.

On 22 October 1971 a joint venture agreement ('JVA') was entered into between the first plaintiff, Chia Holdings (HK) Ltd, and the first defendant with a view to reorganizing and expanding the Tiger Brand trade marks business of the first plaintiff. Pursuant to the JVA, two companies were incorporated, one in Singapore, Haw Par Eng Aun Tong Pte Ltd ('HPEAT') and the other in Hong Kong, Haw Par Tiger Balm International Ltd ('HPTBI') (hereinafter collectively called the 'joint companies'). The first plaintiff and Chia Holdings (HK) Ltd held equal shares in the joint companies. In accordance with the JVA, the first defendant was appointed the managing director and chief executive of the joint companies and is still holding that appointment.

The first plaintiff subsequently transferred its shares in the joint companies to the second plaintiff. Chia

Holdings (HK) Ltd similarly transferred its shares in the joint companies, HPEAT and HPTBI, to the second and third defendants respectively. All the transferees (ie second plaintiff, second and third defendants) have agreed to be bound by the JVA as if they were original parties thereto. The first defendant has substantial shareholding in the second defendant. The third defendant is a subsidiary of the second defendant.

Under the JVA, the first plaintiff agreed to grant licences to the joint companies for four consecutive periods of five years each, commencing 1 January 1972, to use the Tiger Brand trade marks and to manufacture, market and distribute the Tiger Brand products in the ASEAN countries, Hong Kong, Macau, Burma, Japan, Korea, the Pacific islands and all countries in the Middle East. Accordingly licence agreements were concluded between the first plaintiff and the joint companies. Pursuant to the JVA certain companies controlled by the first defendant were also engaged to manufacture the Tiger Brand products for the joint companies at costs plus 15%. There is no provision in the JVA for its renewal beyond December 1991.

By separate letters dated 7 November 1989, the second plaintiff drew the attention of the first, second and third defendants to the fact that the JVA would expire on 31 December 1991 and also gave notice to them that the JVA would not be renewed or extended beyond 31 December 1991. The plaintiffs also said that months prior to that letter, oral indications were given to the said defendants that the JVA would not be extended. Though there were some discussions to extend the JVA, including one involving the chairman of the first plaintiff and the first defendant personally, they were not fruitful.

The plaintiffs alleged that in February 1990, they heard from market sources that the first defendant and the companies which he controlled would be launching a new balm product in Singapore and Malaysia. In early March 1990, one Mr Donald Chia, who is the general manager of the joint companies (and who is also a son of the first defendant) informed the president and chief executive officer of the first and second plaintiffs, one Dr Hong Hai, that the first defendant and his companies would be launching a new balm product. However, the plaintiffs were not told that this balm would be in direct competition with the Tiger Balm products and would have a similar get-up.

On 5 March 1990 it would appear that the fifth defendant, a wholly-owned subsidiary of the second defendant, issued a price list for the new balm, known as the Golden Lion Shield Balm (hereinafter called 'the Lion Balm'). The Lion Balm products were being manufactured by the fourth defendant, a company controlled by the first defendant's group of companies, and were being distributed in West Malaysia by the sixth defendant, a company similarly controlled. In Singapore, the Lion Balm products were, prior to the interim injunctions obtained by the plaintiffs in these proceedings, being imported and distributed by the fifth defendant.

The plaintiffs say that as a consequence of this new product, the sales of the Tiger Balm products carried out by the joint companies were and are going to be adversely affected. Not only has the first defendant raised the prices of the Tiger Balm products in January 1989 and also in February/March 1990 and made them less competitive vis-a-vis the Lion Balm products, the first defendant has also failed in his duty to promote the sales of the Tiger Balm products.

The plaintiffs allege that the Lion Balm products adapt, imitate and copy the get-up of the Tiger Balm products. The plaintiffs further contend that the Mandarin pronunciations of the Lion Balm and the Tiger Balm are phonetically very similar and are likely to cause confusion in the market especially when both products are manufactured, distributed and sold by the first defendant's group of companies. Tiger Balm in Mandarin is called 'Wan Jin You' and Lion Balm 'Wan Yin You'. The plaintiffs also complain that the ingredients used in the manufacture of the Lion Balm products are substantially the same as those used for the manufacture of Tiger Balm products.

The plaintiffs aver that the launching of the Lion Balm is intended to compete unfairly with the Tiger Balm products, contrary to the spirit and intent of the JVA where the joint venture partners are expected to use their best endeavours to maximize the profits of the joint companies. Of relevance in this regard is the document entitled 'Heads of Agreement' dated 1 November 1977 ('HA') which was executed by the parties in order to overcome certain disputes which arose between the parties in the implementation of the JVA, in particular, para 6 thereof.

By a letter dated 15 May 1990 from the plaintiffs' solicitors to the first defendant, and copied to, inter alia, the second and the third defendants, the said defendants were asked to stop all infringing acts and were warned that unless the demand was complied with within 14 days, legal action would be taken. The first defendant and his companies replied through their solicitors in a letter dated 29 May 1990. In it the defendants, while admitting that they were manufacturing and selling Lion Balm products, denied that they were guilty of any infringing act and made the following points:

(i) The get-up features of the Tiger Balm products were not unique but were common to the trade in such products. Reference was made to other balm products which bore common get-up features, eg 'Pahking Balm', 'Star Lion Head', 'Pochun Balm'.

(ii) The profits of HPEAT had not slipped; indeed for the first four months of 1990, it went up by eleven-fold when compared with the corresponding period of 1989. Similarly for HPTBI, the profits there for the same period went up by almost three-fold.
(iii) In 1989, the plaintiffs made direct contacts with the sub-distributors of the joint venture companies, causing confusion.
(iv) The increase in prices for the Tiger Balm products in early 1989 was made with the concurrence of the plaintiffs' nominee who served as the chairman of the board of the joint companies. There was no sinister motive in price increase.
(v) At the meeting between Mr Donald Chia and Dr Hong Hai in March 1990, the question of further co-operation between the two groups was explored.
(vi) The first defendant's companies had not used any confidential information of the plaintiffs in the manufacture of the Lion Balm products.

In a reply dated 13 June 1990, the solicitors for the plaintiffs refuted the allegations of the defendants. They said that based on published accounts there was a significant drop in the sales and profits of the two joint companies. They also said that the contacts made by the plaintiffs with the sub-distributors were intended to assure them that the Tiger Balm products would continue to be supplied to them after the JVA had expired. Such contacts would not have caused confusion and whatever confusion, if it existed at all, was caused by the emergence of the Lion Balm products in competition with the Tiger Balm products especially when both products involved the same manufacturers, distributors and sales personnel. As Dr Hong Hai had then just joined the Haw Par group, his meeting with Mr Donald Chia was to enable him to meet the partners in the joint venture and also to create better rapport and to smoothen the takeover when the JVA expires in December 1991. The plaintiffs' solicitors reiterated that the first defendant has acted against the letter and spirit of the JVA and has breached his duty as managing director and chief executive of the joint companies in launching the Lion Balm products. The letter noted that while it was true that the plaintiffs agreed to the increase in price of the Tiger Balm products, that was in ignorance of the fact that the defendants would be undercutting those prices with competitive products of their own. The letter ended with an intimation that the plaintiffs intended to proceed to institute legal proceedings against all the defendants and that the plaintiffs would also be seeking interlocutory relief unless the defendants gave an undertaking to cease, pending trial, the manufacture and sale of the Lion Balm products.

There was a further reply on 20 June 1990 by the defendants' solicitors to the letter of 13 June 1990 disputing some of the matters stated therein. I do not think I need touch on those points as they are not relevant to the present stage of the proceedings. If at all they show disputes on fact.

On 19 June 1990 the plaintiffs issued the present writ against the defendants, claiming for injunctions and damages. On 22 June 1990, on an ex parte application, the court granted interim injunctions against the defendants. I do not think I need to set out the entire order. Suffice it if I should just set out that portion relating to the first defendant, as the injunctions against the other defendants are, subject to the necessary modifications, along similar lines:

> 1 The first defendant by himself, his servants or agents or otherwise be restrained, and an injunction is hereby granted restraining him until further order from doing or from causing, procuring or permitting the second, third, fourth, fifth or sixth defendants to do any of the following acts:
>
> (i) manufacturing, packaging, exporting, distributing, offering for sale, selling, supplying, disposing, promoting by advertisement or otherwise or dealing in any way in the Golden Lion Shield Balm products;
> (ii) passing off or attempting to pass off or causing, enabling or assisting others to pass off Golden Lion Shield Balm products as or as connected with the Tiger Balm products;
> (iii) acting in breach of fiduciary duty or the fiduciary or contractual obligations pursuant to agreements in writing severally dated 22 October 1971, 29 November 1976, 1 November 1977, 4 November 1985 and 18 August 1988 (hereinafter collectively called 'the JVA') competing with, or causing or allowing or participating in the manufacture, sale or distribution of products competing with those manufactured, sold or distributed by the joint companies and in particular the manufacture, sale or distribution of the Golden Lion Shield Balm products; and
> (iv) making unlawful use of confidential or other information acquired by or entrusted to the first defendant as the managing director and chief executive of the joint companies relating to the business and production of Tiger Balm products.

The interim order of 22 June 1990 in so far as it affects the first, second and fifth defendants was by a subsequent order made on 10 August 1990 varied to the extent that certain specified products of the defendants, which do not carry the trade name of Golden Lion Shield Balm, are expressly excluded from the operation of the order of 22 June 1990.

On 28 June 1990, the first, second and fifth defendants applied to have the interim order made against them discharged or varied. On 31 October 1990 the third, fourth and sixth defendants made a similar application. These are the two applications now before me.

The claim of the plaintiffs against the defendants is formulated broadly under three heads: (i) breach of fiduciary duty as regards certain confidential informa-

tion; (ii) breach of contractual obligations; and (iii) passing-off. The second plaintiff is now the licensee of the Tiger Brand products, including the Tiger Balm products, for countries and territories not covered by the JVA.

During the hearing before me to discharge the injunction, the various containers of the Tiger Balm products and Lion Balm products were tendered to me for my visual inspection. Samples of other balms were also handed to me. I have retained them for my further scrutiny in writing out this judgment.

The principles that govern an application like the present are set out in the landmark judgment of Lord Diplock in *American Cyanamid Co* v *Ethicon Ltd.*[1] Before I go into an examination of the facts and see how the *American Cyanamid* principles should be applied, I think it is imperative that I identify and/or set out some of the pertinent provisions of the JVA and other related agreements.

The joint venture agreement and other related agreements

The recital to the JVA states, inter alia, that (i) the first plaintiff 'is the owner of the Tiger Brand trade marks and has been manufacturing, selling and distributing under such trade marks products known as Tiger Balm ... in various parts of the world'; (ii) Chia Holdings (HK) Ltd 'is manufacturing selling and distributing in various parts of the world pharmaceutical products through its subsidiary and associated companies and is desirous of expanding such business.'

The JVA provides that all plants and machineries used by the first plaintiff in the manufacture of the Tiger Brand products are to be sold to Chia Holdings (HK) Ltd and they were so sold. The JVA expressly declares that the rights to manufacture and sell Tiger Brand products in any country not covered by the agreement would continue to be the exclusive rights of the first plaintiff.

The following are some of the other relevant provisions in the JVA:

Clause 1(g)

> Upon the appointment of Jack Chia as the managing director of both the joint companies he shall be the chief executive responsible to the respective boards of the joint companies for their operation. Jack Chia shall not resign or otherwise terminate his appointment as such managing director save with the written consent of the parties hereto or on the grounds of mental or physical incapacity where the parties hereto are satisfied that he is not capable of continuing so to act. Notwithstanding such mental or physical incapacity or the demise of Jack Chia the terms of this agreement shall remain in full force and effect between the parties hereto.

Clause 10(a) and (b)

> (a) Neither of the joint companies nor (the second and third defendants) nor any subsidiary, associated or parent company of (the second and third defendants) shall register or endeavour to register all or any of the Tiger Brand trade marks for any classification or class of goods in any territory where they are not already registered nor shall they or any of them manufacture, market or distribute or attempt to manufacture, market or distribute all or any Tiger Brand products in any territory whatsoever save strictly in accordance with the provisions of this agreement.
>
> (b) Any and all Tiger Brand trade marks, including all trade names, used in relation to Tiger Brand products, or any other products, whether such trade marks are registered now or in the future, and whether such trade marks or trade names are registered or not, shall be the absolute property of Haw Par, and (the second and third defendants) and the joint companies and neither of them shall question at any time or for any reason Haw Par's title to and ownership of such trade marks and trade names ...

Clause 14(b)

> The joint companies shall ensure that the Tiger Brand products to be manufactured in terms of this agreement are so manufactured or processed at at least the same quality and standard as those maintained by Haw Par for its present products and the joint companies shall ensure that the manufacturers appointed under the provisions of clause 4 hereof shall follow in every detail all instructions in respect of the manufacture of such products from time to time.

Clause 16

> ... Provided always that in giving effect to his duties as ... managing director of the joint companies to implement the terms of this agreement and to promote the best interests of the joint companies, Jack Chia may hold any appointment ... not contrary to his duties hereunder.

Annexed to the JVA was a draft licence agreement to be entered into between the first plaintiff and HPEAT. Under cl 3(b) it is provided that the first plaintiff 'shall make available to the licensee all formula, technical information, know-how, specifications and other data necessary for the manufacture of Tiger Brand products.' And under cl 3(e) it is provided that 'the licensee shall treat as confidential all information and formulations supplied to it ... and shall ensure that such information and formulations are used solely to assist in the manufacture ... of the Tiger Brand products in accordance with this agreement while such agreement is in force.'

The eventual licence agreement which was signed on 1 December 1972 by the first plaintiff and HPEAT was not in identical terms with the draft annexed to the JVA; but there were many common features. In the recital the parties recognized that the first plaintiff possessed 'certain technical information necessary for or used in the manufacture of the Tiger Brand products'. Clause 1(v) of the licence agreement provides:

> (HPEAT) will label and package all products to be sold under the Tiger Brand trade marks strictly in accordance with instructions received from the (first plaintiff) and will not place in use any other labels or packages in connection

with the sale of such products without the previous approval of the (first plaintiff).

Clause 2 of the licence agreement reads:

> During the period of this agreement and at all times thereafter (HPEAT) shall treat as confidential all information and formulation supplied to it by the (first plaintiff) ... and shall ensure that such information and formulation are used solely to assist in the manufacture ... of the Tiger Brand products under the Tiger Brand trade marks ... while this agreement is in force.

Similar provisions to these are to be found in the licence agreement signed on 5 January 1973 between the first plaintiff and HPTBI.

Fiduciary duty/Confidential information

I will now deal with the claim based on a breach of fiduciary duty as regards certain confidential information. In the light of the brief facts set out above it is quite clear that the plaintiffs and the first three defendants are in a joint venture, a venture to manufacture, promote, sell and develop the Tiger Brand products, including the Tiger Balm products, for mutual advantage and profit. The confidential information which would be furnished by the plaintiffs to the joint companies should only be used for the purpose of manufacturing the Tiger Brand products by the joint companies and not for any other purpose. Looking at the terms of the JVA, I am inclined to think that there is a fiduciary relationship between the participants to the joint venture arrangements or there is at least an arguable case for it. The establishment of such a relationship was put in this way by Dawson J in *United Dominions Corp Pty* v *Brian Pty Ltd*[2] at p 681:

> Although the relationship between participants in a joint venture which is to a partnership will be governed by the particular contract rather than extrinsic principles of law, the relationship may nevertheless be a fiduciary one if the necessary confidence is reposed by the participants in one another. Of course, in a partnership the parties are agents for each other and this may constitute a separate reason for the fiduciary character of a partnership. There may be no such agency between participants in a joint venture but, as Dixon J pointed out in *Birtchnell* v *Equity Trustees* ... even in a partnership it is really the mutual confidence between partners which imposes fiduciary duties upon them and the same confidence may, in appropriate circumstances, be found to exist between participants in a joint venture.

In any event where information provided is to be considered as confidential, its use and disclosure under general law is to be limited to the purpose for which the information is given: see *Torrington Manufacturing* v *Smith & Sons Ltd*[3] at p 301.

It is next argued by the defendants that the plaintiffs have not shown that they have imparted confidential information to the first three defendants or the joint companies. The defendants say that the plaintiffs have not been able to identify with necessary precision any information which is confidential.

In further elaboration, the defendants aver that there is nothing confidential about the 'manufacturing process' which they identified to consist of the following five stages:

(i) mixing active ingredients to form a concentrate;
(ii) mixing the base materials or excipient;
(iii) mixing the concentrate with the base materials;
(iv) filling the mixture into appropriate containers;
(v) packaging the product.

The plaintiffs' answer is that that is not all. Those are the basic steps. What are confidential are the details relating to each step, eg at what temperature the equipment used should be set; at which stage each of the ingredients should be added; and the duration the ingredients are to be kept in that state (see para 43 of the affidavit of Tan Hee Chai affirmed on 16 November 1990).

In so far as the ingredients that are needed to manufacture the Tiger Balm products are concerned, the defendants submitted that there is nothing confidential about that because the ingredients are shown and printed on the product itself; they are matters of public knowledge. While that is true, it seems to me that is not all. The ingredients that go into making a product is one thing; the process another. In this regard I need not go into a discussion about the judgment of Roxburgh J in *Terrapin Ltd* v *Builders Supply Co (Hayes) Ltd*[4] where the springboard doctrine was referred to and where he said ' ... springboard it remains even when all the features have been published or can be ascertained by actual inspection by any member of the public.' Perhaps this statement could be reconciled on the premise that information will not necessarily lose its confidentiality by the marketing of a product which embodies the information but which does not embody all the features of the information. That is precisely the situation here. The fact that the ingredients that go into the making of the product are disclosed on the packaging of the product does not mean that all the technical information/know-how needed to manufacture the product has become public knowledge.

In any event having regard to the express provisions in the JVA and the licence agreements which specifically refer to confidential information being imparted by the plaintiffs to the joint companies, I do not think it is possible for the court at this interlocutory stage, without hearing oral evidence, to rule that the first plaintiff has not imparted any confidential information. Putting it at the lowest, it is an issue to be tried.

Before moving to the second ground, I should say this for completeness. Another aspect of confidential information referred to by the plaintiffs relates to pricing formula. I do not think there is anything very much in this aspect. I note that this information is made known to all sub-distributors and retailers.

Breach of contractual obligations

In so far as the first defendant is concerned, the relevant provisions in the JVA are cll 1(g) and 16. Under cl 1(g) of the JVA, the parties agreed to appoint the first defendant as the managing director and chief executive of both the joint companies. It is expressly provided that he 'shall not resign or otherwise terminate his appointment as such managing director save with the written consent of the parties hereto or on the grounds of mental or physical incapacity where the parties hereto are satisfied that he is not capable of continuing so to act'. What is just as significant is that the provision went on to say that notwithstanding such incapacity or even the demise of the first defendant, the agreement 'shall remain in full force and effect between the parties hereto'.

Under cl 16, the first defendant is allowed to hold any appointment in the second and third defendants, or in their subsidiary or associate companies, provided that they are 'not contrary to his duties' as the managing director of the joint companies.

Under cl 2, the joint companies are to take steps to protect the interests of the shareholders in the joint companies and to earn maximum profits.

As regards the position of the second and third defendants, under cl 10(a) they (as successors to Chia Holdings (HK) Ltd) are estopped from manufacturing, marketing etc any Tiger Brand products in any territory save strictly in accordance with the the provisions of the JVA. Under cl 20(c), the obligation under cl 10(a) shall continue notwithstanding the termination of the JVA.

Under cl 12(b), the second and third defendants are obliged to use their best endeavours to improve the existing formulations of the Tiger Brand products.

Under para 6 of the Heads of Agreement, the parties to the JVA 'agree to implement the provisions of the same in the spirit of joint venture and mutual co-operation and *will use their best endeavours to maximize the profit of the joint companies*' (emphasis added).

In the light of these provisions, it seems to me abundantly clear that the first, second and third defendants are contractually bound to refrain from doing any act or engaging in activities which would undermine the business of the joint companies and this would include the manufacture of any product which is colourably similar to that of the Tiger Balm products. While it is true that there is nothing express in the JVA which prohibits the first defendant or his companies from being involved in other competitive products, in my view that must be implied. I ask this simple question: can one honestly say that he is maximizing the profits of the joint companies when he is also at the same time manufacturing similar products with a similar get-up which will inevitably undermine the sales of the Tiger Balm products?

As an illustration to show that the first defendant and his companies have not put in their best efforts for the joint companies, the plaintiffs refer to the matter concerning the reduction of the camphor content prescribed by the Malaysian authorities. They ask how is it that the camphor content of the Lion Balm products are made in compliance with the new Malaysian ruling and yet the Tiger Balm products are being made with camphor content exceeding the limit allowed by the Malaysian authorities? The plaintiffs have asked me to draw the necessary inferences. The plaintiffs also allege that the sales of the Tiger Balm products had dropped in 1989. They say it is not true that the sales of the Tiger Balm products for the first four months of 1990 had increased significantly. The plaintiffs have exhibited the management's accounts for the first seven months of 1990 to substantiate what they say.

A rather instructive case (though I must add that it was a case concerning partnership) which highlights the implied obligation of a co-venturer not to do anything in competition with the joint venture is *Lock* v *Lynam*,[5] an Irish case. There the plaintiff and the defendant had agreed to share the profit and loss arising from contracts taken by the defendant for the supply of meat and bread to Her Majesty's forces in Ireland. While the agreement was in force, the defendant entered into secret agreements with other persons to share with them the profit and loss accruing in respect of similar contracts entered into and taken by them. The defendant was ordered to account. The Lord Chancellor observed that in all cases of this kind the real question was whether, from the nature of the transaction between the partners, there was an express or implied contract against other dealings of a like character; and that although there was no engagement not to enter into any other partnership of the same kind still it never could have been in the contemplation of either of the parties that one partner should, in his own name or in that of any other person, adopt contracts to the prejudice of the other's interest.

I agree that there is nothing in the JVA or in the other related agreements which expressly precludes the first defendant from engaging in other business. But I think it lies ill in the mouth of the first defendant, while he remains the managing director and chief executive officer of the joint companies to say that he is entitled to be involved in ventures or activities which will directly affect the sales and profits of the joint companies.

Passing-off

I now turn to examine the third head of the plaintiffs' claim. The essential ingredients which must be present in order to mount an action for passing-off have been identified by Lord Diplock in *Warnink* v *Townend & Sons*[6] at p 742 to be (i) a misrepresentation; (ii) made by a trader in the course of trade; (iii) to prospective

customers of his or ultimate consumers of goods or services supplied by him; (iv) which is calculated to injure the business or goodwill of another trader; and (v) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

The main complaint of the plaintiffs here is that the get-up of the Lion Balm products is too similar to that of the Tiger Balm products. The plaintiffs allege that the get-up of Lion Balm products copies the get-up of the Tiger Balm products in the following respects:

(i) the glass container of the Lion Balm is hexagonal in shape and similar in size, with its logo at the bottom of the container;
(ii) the packaging of the container of the Lion Balm is similar in style, colour and design. The label and the top-seal are of a jagged-edge tooth format. The whole packaging is then sealed by two circular seals containing the logo;
(iii) the colour of the 'screw-on' cover of the hexagonal container of the Lion Balm is of the same shade of bronze;
(iv) the 'screw-on' cover is similarly embossed, albeit with its different logo.

I note that there are some differences in detail in the two get-ups. But I do not think that those differences are sufficient to avoid confusion or deception. The defendants have not explained why the get-up of the Lion Balm products has to be in so many ways similar to those of the Tiger Balm products.

It is not necessary for passing-off that every part of the get-up should be imitated. In the present case the adoption of a phonetically similar Chinese name for the Lion Balm further aggravates the situation. It is common usage to refer to the Tiger Balm products by asking for them in retail outlets as 'Wan Jin You' and not their full titles in Mandarin. Of all possibilities, the defendants chose to call their Lion Balm products 'Wan Yin You'. I think our case here is very close to *Reckitt & Colman Ltd* v *Borden Inc*[7] which concerned lemon juice sold in yellow plastic squeeze packs which resembled a natural lemon in size, shape and colour. There the court granted the plaintiff an injunction to restrain the defendant from producing lemon-shaped containers for selling lemon juice. Lord Oliver put the issue thus:

> In the end, the question comes down not to whether the respondents are entitled to a monopoly in the sale of lemon juice in natural size lemon-shaped containers but whether the appellants, in deliberately adopting, out of all the many possible shapes of container, a container having the most immediately striking feature of the respondent's get-up, have taken sufficient steps to distinguish their product from that of the respondent.

He did not think that the test of putting the two products side by side to see whether a person with reasonable apprehension and proper eyesight would be deceived, as advocated by Lord Halsbury LC in *Schweppes Ltd* v *Gibbens*,[8] was correct. Lord Oliver said (at p 509):

> The essence of the action for passing-off is a deceit practised upon the public and it can be no answer, in a case where it is demonstrable that the public has been or will be deceived, that they would not have been if they had been more careful, more literate or more perspicacious. Customers have to be taken as they are found.

I accept that a careful purchaser would be able to differentiate between the Tiger Balm products and the Lion Balm products. But I do not think that is an answer to an action for passing-off if people are deceived or are likely to be deceived. The obligation is on the defendant to show that he has taken steps to ensure that there will be no confusion. As Romer LJ observed in *Payton & Co* v *Snelling, Lampard & Co*[9] at p 56:

> ... when one person has used certain leading features, though common to the trade, if another person is going to put goods on the market, having the same leading features, he should take extra care by the distinguishing features he is going to put on his goods, to see that the goods can be really distinguished ...

I would also adopt what Warrington J said in *Schweppes Ltd* v *Gibbens*[10] at p 119:

> ... it is sufficient to enable the plaintiff to succeed if he can show that the get-up, the label, or whatever it may be, is of such a nature as is calculated to enable the retail vendor to deceive the ultimate customer.

Considering the get-up and the shape and size of the two jars, and the phonetic similarity in the Chinese names of the two products, I cannot help but feel that the defendants have deliberately tried to take advantage of the goodwill of the Tiger Balm products and what was done was calculated to enable a passing-off to take place. This is really a case of 'cashing-in' now that the JVA is due to expire. This is all the more so when we bear in mind that a fairly substantial proportion of the population in Singapore are Chinese-educated and quite a proportion of the elderly people in Singapore are illiterate. For these people I think the get-up is all that matters. Having seen the jars in which the two products are sold to the public, I have no doubt that the similarity is likely to cause confusion or, to adopt the words of Warrington J in *Schweppes Ltd*,[10] to cause the retail vendor to deceive the ultimate purchaser. In short, the get-up of the Lion Balm products is deceptively similar to that of the Tiger Balm products. All the more so when it is noted that the two products are manufactured, distributed and sold by the first defendant's group of companies. There is no need to prove actual deception: see *White Hudson* v *Asian Organization*.[11] It is sufficient if the evidence shows that there is such similarity as to be calculated to cause confusion in the mind of the public.

For purposes of comparison only, as passing-off is generally a question of fact, I would refer to the case of *Fisons Ltd* v *EJ Godwin Peat Industries Ltd*[12] which concerned growing bags used for planting seedlings. The plaintiffs' bag was partly overprinted with horticultural decorations and marked 'FISONS GRO-bag' in bold letters. The defendants' bag also had similar decorations printed on it but it bore the legend 'Godwin's Crop-bag'. Brightman J refused an interlocutory injunction and explained it thus:

> I prefer to trust my own eyes. There are obvious similarities between the two bags but it seems to me inconceivable that anyone seeing a growing bag described in very bold letters as 'Godwin's Crop-bag' could possibly suppose that it was a 'Gro-bag' produced by Fisons, or that anyone buying a growing bag of the Fison design could fail to observe that it was a Fison product, so prominently displayed is the name 'Fisons'. If the Fison 'Gro-bag' had not contained the name 'Fisons' or if the name 'Godwin' had not been so prominently displayed, I might well have reached a different conclusion ...

I would respectfully agree with Brightman J in *Fisons*.[12] But the situation there was quite different from that in the present case. In *Fisons*[12] the distinguishing features stood out; not so in the present case.

Equally illustrative is the local case *White Hudson* v *Asian Organization Ltd*[11] which concerned an action to prevent passing-off of medicated sweets. The plaintiff's sweets were wrapped in red coloured cellophane wrappers on which was printed the name 'Hacks'. The defendant imported into Singapore medicated sweets manufactured in Holland which were of similar size, shape and colour to those of the plaintiff and were wrapped in red coloured wrapper which was printed with the name 'Pecto'. The High Court of Singapore granted an injunction.

It is submitted by the defendants that the get-up and/or the size/shape of the jar used by the Tiger Balm products are not peculiar to those products only. It is contended that other products have similar get-up. In answer to that the plaintiffs have in exh 'THC-12' to the affidavit of Tan Hee Chai, affirmed on 16 November 1990, identified the similarities between the get-ups of the various balms alleged by the defendants to be in the market. From that, one can see that the Lion Balm get-up is most similar to that of the Tiger Balm. The only other balm that comes close is 'Lion Balm Dong Woo'. But that balm does not appear to be available in Singapore; the defendants have not been able to identify where that balm could be obtained in Singapore. Even in respect of the 'Lion Balm Dong Woo', on that product being imported into the United States, the plaintiffs have taken action in the Californian court to restrain the owners or manufacturers of that balm. I am persuaded that the get-up of the Tiger Balm products is distinctive and has been identified with those products.

Then there is the argument that the shape/size of the hexagonal jar is not something that is capable of being protected in law. Reference was also made to *Re Coca-Cola Co.*[13] All I need say in answer to that is to quote this passage from Lord Oliver's judgment in *Reckitt & Colman*[7] at p 504:

> Whether in fact the particular shape or configuration of the very object sold by a trader is incapable as a matter of law of protection in a case where it has become associated exclusively with his business is a proposition which is at least open to doubt. The decision of Buckley J in *RJ Elliot & Co Ltd* v *Hodgson* (1902) RPC 518 suggests the contrary, although it has been doubted: see *Cadbury Ltd* v *Ulmer Gmbh* [1988] FSR 385. It is clear at least from the decision of this House in *William Edge & Sons Ltd* v *William Niccols & Sons Ltd* [1911] AC 693 that where the article sold is conjoined with an object which, whilst serving the functional purpose of enabling the article to be more effectively employed, is of a shape or configuration which has become specifically identified with a particular manufacturer, the latter may be entitled to protection against the deceptive use in conjunction with similar articles of objects fashioned in the same or a closely similar shape.
>
> I find it, however, unnecessary to pursue the question further for there is, to my mind, a fallacy in the argument which begins by identifying the contents with the container and is summarized in the central proposition that 'you cannot, claim a monopoly in selling plastic lemons'. Well, of course you cannot any more than you can claim a monopoly in the sale of dimpled bottles. The deception alleged lies not in the sale of the plastic lemons or the dimpled bottles, but in the sale of lemon juice or whisky, as the case may be, in containers so fashioned as to suggest that the juice or the whisky emanates from the source with which the containers of those particular configurations have become associated in the public mind ...

On the evidence before me, I am satisfied that a reasonably strong case has been made out by the plaintiffs that the peculiar get-up of the Tiger Balm products has become associated exclusively with the plaintiffs' business. In coming to this view I have borne in mind the following observations made by Lord Watson in *John Haig & Co* v *Forth Blending Co Ltd*[14] at p 261:

> No trader by adopting and using a particular style of get-up thereby acquires a right to prevent a rival or second trader using the same or a similar get-up unless the get-up of the first trader has become so associated in the minds of the public with the first trader's goods as to be distinctive of the goods of the first trader and of no other.

In any event, on the facts it is abundantly clear to me that the plaintiffs have established at least an arguable case of passing-off.

Locus standi

Before I leave the subject of passing-off, I have to consider the question of locus standi. It is argued for the defendants that the plaintiffs have no locus to sue for passing-off since the plaintiffs have granted exclusive right to manufacture and sell Tiger Balm products in

Singapore and Malaysia to the joint companies. If anyone is entitled to take action for passing-off it is the joint companies. Fiduciary relationship exists only as between the first defendant and the joint companies. However, the defendants concede that prior to the incorporation of the joint companies direct fiduciary obligations might have been owed by the first defendant to the plaintiffs but not thereafter. The defendants say past reputation is not good enough and without trading there is no reputation. They argue that passing-off does not confer monopoly rights in any names, marks or get-ups nor does it recognize them as property in their own right; damage is essential to passing-off in that for a misrepresentation to be actionable it must be calculated to cause damage to the plaintiff's goodwill.

The reply of the plaintiffs to this submission is as follows. They say that under the JVA and the licence agreements, it is clear that what is granted to the joint companies is only an exclusive right to manufacture and sell in this region (and some others) for a duration of 20 years expiring in December 1991. During the JVA period, the plaintiffs are entitled to royalty and other payments from the joint companies. On the expiry of that period, the goodwill and business will revert to the plaintiffs. They have already given notice to the defendants that there would be no extension or renewal of the JVA. Further, the plaintiffs retain their exclusive rights in the business and goodwill of the Tiger Balm products in all other parts of the world. Accordingly, the plaintiffs are entitled to enforce their rights in the goodwill against all, apart from the joint companies, who are not entitled to manufacture and sell Tiger Balm products.

The plaintiffs rely on the case *Warnink* v *Townend & Sons*[6] where the House of Lords held that the fact that the goodwill attaching to the use of a name as a description of a product was shared by a number of traders did not preclude one of the traders from successfully suing on it. Very much the same principle was applied in *Dent* v *Turpin*[15] where Page-Wood VC said that 'it is quite enough to aver, as the bill does, that these articles were manufactured and marked with the trade mark in question, without the consent of the plaintiff or of the other person entitled to use the name of Dent'. *Dent* v *Turpin*[15] clearly shows that a plaintiff need not have an exclusive right to use the mark if the defendant has no right to it at all.

In *Alfred Dunhill* v *Sunoptic SA*,[16] the Court of Appeal held that although the plaintiff did not sell sunglasses or spectacle frames in the United Kingdom and were only involved in negotiations with a view to entering that market, it did not preclude the plaintiff from obtaining an injunction restraining the defendant from advertising and selling sunglasses and spectacle frames under the trade mark 'CD Christopher Dunhill-London'. For years the plaintiffs' business in the UK and elsewhere was in the sale of tobacco products, smokers' requisites and a wide range of luxury goods.

A rather interesting case is *Star Industrial Co Ltd* v *Yap Kwee Kor*,[17] a decision of the Privy Council. There the plaintiff, a Hong Kong company, manufactured toothbrushes with a characteristic get-up of which a prominent feature was the words 'ACE BRAND'. Prior to 1965, the plaintiff exported the toothbrushes to Singapore for purposes of re-export to Malaysia and Indonesia. There was evidence that some of the toothbrushes were sold in Singapore. The plaintiff had no registered trade mark in Singapore. With the imposition of import duties, the plaintiff ceased exporting the toothbrushes to Singapore from 1965. In 1968, the defendant formed a company with a name similar to that of the plaintiff and marketed toothbrushes under a get-up very similar to that of the plaintiff — instead of 'ACE' the defendant used 'AGE'. The evidence showed that the plaintiff had no intention of itself resuming this part of the former trade. Instead, they assigned their residual goodwill in Singapore together with the right of user of the mark on an exclusive basis to a company in Singapore in which the plaintiff owned half the equity. Choor Singh J in the High Court said (at p 264):

> The plaintiff company, not having evinced any intention of manufacturing ACE Brand toothbrushes in Hong Kong for export to Singapore and not having, at present, any trade in such toothbrushes in Singapore, cannot, under the circumstances, succeed in a claim for passing-off against the defendant or any other person because they have no trade which is being injured or going to be injured by the conduct of the defendant. (Emphasis added.)

When the case went up on appeal to the Privy Council, Lord Diplock after stating that a passing-off action is a remedy for the invasion of a right of property not in the name, or get-up improperly used, but in the business of goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another, said:

> Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached ... Once the Hong Kong company had abandoned that part of its former business that consisted in manufacturing toothbrushes for export to and sale in Singapore it ceased to have any proprietary right in Singapore which was entitled to protection in any action for passing-off brought in the courts of that country.

I would emphasize the word 'abandoned' in the above passage. That factor is certainly absent in our present case.

In *Metric Resources Corp* v *Leasemetrix Ltd*,[18] Megarry VC reviewed a number of the earlier cases concerning the question whether foreign companies with no place of business in England might have such a reputation in its name in England as to justify the grant of an injunc-

tion to restrain passing-off. He felt that the *Star Industrial* case[17] did not really decide that the owner of a business carried on outside a jurisdiction could establish no protectable goodwill within it before beginning to trade there. At least he felt there was some doubt on the point.

Finally, I would like to refer to a certain passage which appears at p 361 in *Kerly on the Law of Trade Marks and Trade Names* (12th Ed) which seems to have a bearing on the present issue:

> A foreign manufacturer who does not trade in this country but whose goods are sold in this country, may well acquire a protectable goodwill in his trade name or trade marks. There will then be what in principle is a pure question of fact, whether the goodwill is that of the foreign manufacturer or the British importer. This is the sort of question of fact on which a court's finding is easily influenced by its feelings as to the merits of the case; the objection that an importer has no independent goodwill, so often successful when raised on behalf of the manufacturer or of a trader dealing in the manufacturer's own goods, is likely to be brushed aside as a mere technicality when made by a defendant having no connection with the 'genuine' goods.

Whatever it is, the position of the plaintiffs here is certainly unique. At this stage of the proceeding, I do not think I need give a firm decision on the issue. As Lord Diplock said in *American Cyanamid,*[1] it was no part of the court's function at this stage of the litigation 'to decide difficult questions of law which call for detailed argument and mature consideration'. It is certainly an arguable point where the plaintiffs have locus standi to institute this action and that would suffice. Indeed, I would be inclined to think that in the circumstances the plaintiffs have a protectable goodwill. There is certainly a serious question to be tried. There is nothing frivolous or vexatious in the plaintiffs' claim. They have a real cause for concern as to what the defendants are now embarking to do.

The above is the position under passing-off. In so far as the claim rests on breach of contract and/or breach of fiduciary duty, there can be no question that as owners of the goodwill and confidential information the plaintiffs are entitled to an order to restrain the first three defendants from acting in breach of contract or in breach of fiduciary duty; and in so far as the fourth to sixth defendants are concerned to restrain them from assisting the first three defendants to breach their obligations. Under the JVA the goodwill and confidential information are intended only for the use of the joint companies and no one else. Even though on the expiry of the JVA an action can no longer be based on breach of contract, the fiduciary duty to maintain confidential information nevertheless continues.

There is another basis upon which the first defendant may be restrained. The plaintiffs, as the persons whose interests as shareholders in one of the joint companies, HPEAT, would be affected by the conduct of the first defendant, may apply under s 409A of the Companies Act (Cap 50, 1990 Ed) for an injunction restraining the first defendant from engaging in conduct which constitutes a contravention of the Act. The court is also given the power, if it considers it desirable, to grant an interim injunction. The first defendant is the managing director and the chief executive of the joint companies. Under s 157(1) of the Act, a director is required to act honestly and use reasonable diligence in the discharge of the duties of his office. By making use of the confidential information furnished by the plaintiffs to the joint companies for the manufacture of the Tiger Balm products for his own benefit and in creating a rival balm with a similar get-up as that of the Tiger Balm products (assuming these are eventually proven at the trial), it seems to me that the first defendant could not be acting in the interest of the joint company, nor was he acting honestly. Further, under s 157(2) of the Act, an officer of a company shall not make improper use of any information acquired by virtue of his position as an officer to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the company. What the first defendant has done as aforesaid would appear also to contravene this provision.

Balance of convenience

I now turn to examine the question of balance of convenience. This really boils down to determining whether damages would be an adequate remedy for the plaintiff. The defendants say that damages would be adequate and could be based 'on any decrease in royalty fees paid to the plaintiffs under the JVA assuming the decrease is attributable to the decrease in sales of the Tiger Balm products as a result of the introduction of the Golden Lion Shield products'; such decrease is easily quantifiable. There is no evidence of uncompensatable loss. The defendants contend that on the other hand, if the interim injunction is to continue there would be considerable difficulties in determining the losses of the defendants; how would it be possible to ascertain the quantity of the Lion Balm products that would be sold? In addition, the defendants would suffer in loss of goodwill and reputation.

The case relied on by the defendants is *Boots Co Ltd* v *Approved Prescription Services Ltd.*[19] There the English High Court found that the plaintiffs had established an arguable case of passing-off. The product in question was a drug called ibuprofen (trade name: BRUFEN) in the form of magenta coloured pills of a particular shape. However, the court refused to grant an interlocutory injunction on a balance of convenience. The Court of Appeal upheld the decision of the judge and held that if the plaintiff succeeded in the action they could be ade-

quately compensated in damages for loss of sales prior to the grant of the permanent injunction. The measure of damages would be the profits of the magenta pills which were sold by the defendants and ought to have been sold by the plaintiffs and of that there would be a record. The plaintiffs would not suffer loss of goodwill involving incalculable damage after an injunction restoring their monopoly. In contrast, if an injunction were granted and the action failed the defendants would never be able to prove with any certainty how many pills they would have sold had the injunction not been granted.

It seems to me that there are a number of special features in the *Boots* case.[19] First, the quality of the pills produced by the plaintiffs and defendants was the same. Therapeutically there was no difference between the two. Second, the pills were only obtainable on prescription. If the doctor prescribed BRUFEN the patient would be given BRUFEN. Alternatively, the doctor could prescribe the drug by its generic name, in which case the pharmacist might produce either BRUFEN or some other manufacture of the drug. Third, the product being a drug and subject to control, there was no serious risk that a refusal of the injunction would encourage other competitors to enter the market before the trial.

Now the approach to take in this regard was stated by Lord Diplock in *American Cyanamid*[1] as follows (at p 408):

> ... the governing principle is that the court should first consider whether, if the plaintiff were to succeed at the trial in establishing his right to a permanent injunction, he would be adequately compensated by an award of damages for the loss he would have sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of the trial. If damages in the measure recoverable at common law would be adequate remedy and the defendant would be in a financial position to pay them, no interlocutory injunction should normally be granted, however strong the plaintiff's claim appeared to be at that stage.

On the facts of this case I am of the view that it would be difficult to assess whether damages would be an adequate remedy for either party. I do not accept that the loss to the plaintiffs could be easily quantified and it could be based on the sales of the Lion Balm products. The defendants are not saying that they would pay damages based on their sales of the Lion Balm. Even on the defendants' own argument they have added the proviso '*assuming* the decrease (in royalties) is attributable to the decrease in sales of the Tiger Balm products as a result of the introduction of the Golden Lion Shield products'. That is really begging the question. Further, we do not know how good or effective the Lion Balm is. If it were not as good as the Tiger Balm, then the damage done to the goodwill of Tiger Balm, following the confusion, would be quite difficult to quantify. The consumers might lose faith in Tiger Balm products and switch to something else. The long term effect would be quite difficult to estimate.

In so far as the financial position of the parties are concerned, it is clear that both the plaintiffs and the first and second defendants are parties of substance and good for their undertakings. The defendants made the point that the plaintiffs have not expressly deposed that they have funds to meet the damages that could be suffered by the defendants. But it is a matter of general knowledge that the two plaintiffs are public listed companies. The first plaintiff has been established for a long time. Further, from the JVA arrangements there will also be royalties and other sums due to the plaintiffs.

On the other hand, the defendants have just started on the Lion Balm products. There is no question of their having to close down any factories or laying off workers as those facilities and personnel are still required to produce the Tiger Balm products until December 1991. In fact, the facilities and personnel are also being used by the defendants to produce other products not the subject of this action.

In any event, in the passage of Lord Diplock which I have quoted above, he said that in a case where damages would be an adequate remedy, no interlocutory injunction should '*normally* be granted'. So what he had declared is not an absolute rule. Taking into account the special circumstances of the present case and considering that the defendants have of their own free will deliberately chose to manufacture a new product in direct competition with Tiger Balm and with a get-up which is likely to confuse or deceive, I think I ought not to allow the defendants to carry on causing confusion even assuming that the damages which the plaintiffs would suffer could be fairly calculated.

I am conscious that the court should not stifle business competition; but such competition must be fair and no undue advantage taken.

For all the above reasons, I would order the continuation until trial of the interim injunctions granted on 22 June 1990 as modified by the order of 10 August 1990. Of course, a case of this kind ought to be heard speedily and I would accordingly order an early trial. As regards the costs of this hearing, I order that costs be in the cause.

Miscellaneous points

There remain a few miscellaneous points which I ought to touch on briefly. The first relates to the affidavits affirmed by Mr Tan Hee Chai ('THC'). The defendants say that some paragraphs in his affidavits offend the rule in O 41 r 5(2), as he did not identify the source of his information. Further, some of the paragraphs

consist of arguments/opinions rather than facts. In all the three affidavits affirmed by THC, he said that what he deposed to were from information and knowledge acquired by him personally unless otherwise stated. The contention of counsel for the defendants is that THC did not state whether THC was with the plaintiffs in 1971; so the facts relating to the events in 1971/1972 could not be within his personal knowledge. Further, some of the facts deposed to are technical and it is not stated that he has the technical competence. It seems to me that knowledge/information acquired by THC from the records maintained by the plaintiffs is no less information and knowledge acquired by him. Even if I were wrong here, the defect is extremely slight. The fault of THC was in not stating expressly that the information was also obtained from records maintained by the plaintiffs, which is the information used in the defendants' affidavits. In any case, the events which are crucial for the present proceeding are all set out in the JVA and other agreements and the contents of those instruments are not disputable or are not disputed. As regards the complaint that the affidavits contained arguments/opinions, I am afraid this flaw is to be found in the affidavits of both sides. This, of course, should not be the case.

Then there is the question of delay. The defendants say that there was delay on the part of the plaintiffs in coming to court for reliefs. Let me quickly recount the critical facts. On 8 March 1990 at the meeting between Dr Hong Hai and Mr Donald Chia, the plaintiffs were assured that the new products would not be in direct competition with the Tiger Balm products. The first public advertisement of the new products appear in the 1 May 1990 issue of the NTUC News. On 15 May 1990 the plaintiffs, through their solicitors, wrote a letter to the first defendant, which was copied, inter alia, to the second and third defendants, complaining about the passing-off, breach of contractual obligations and fiduciary duty and unlawful use of confidential information. The letter demanded that the first defendant and his companies cease the infringing acts, failing which action would be taken by the plaintiffs against them. Correspondence followed between the solicitors for the two sides. The writ was filed on 19 June 1990 and the interim orders obtained on 22 June 1990. The plaintiffs have not explicitly stated what was the date on which they actually came across the Lion Balm products in the market. On these facts I do not think there has really been any undue delay on the plaintiffs' part in instituting this action and if there is any delay, it is only a very slight one and not one of such an inordinate nature as to warrant disentitling the plaintiffs to interlocutory reliefs.

The last point that I would touch on is the argument that the interim injunction obtained against the first defendant is effectively a mandatory injunction. I do not see any merit in that. The injunction does not compel the first defendant to do any act. The first defendant is quite free to do anything he wishes other than those he is injuncted from doing.

Applications dismissed.

Solicitors: *Lee & Lee; Allen & Gledhill.*

Reported by *Terence Tan Bian Chye*

'The Vishva Apurva'; Owners of Cargo lately laden on board the Ship or Vessel 'Vishva Apurva' v Owners and other persons interested in the Ship or Vessel 'Kalidas'

HIGH COURT (SINGAPORE) — ADMIRALTY IN REM NO 230 OF 1988
CHUA J
29 JANUARY 1991

Conflict of Laws — Foreign jurisdiction clause — Exclusive jurisdiction clause — Plaintiffs commencing action in Singapore in breach of clause — Whether court should stay action — Procedural advantages — Merchant Shipping Act (Cap 179, 1985 Ed)

Shipping and Navigation — Bill of lading — Indian jurisdiction clause — Damage to goods carried on board vessel — Collision of vessel and loss of entire cargo — Cargo owners commencing action in rem in Singapore against shipowners

Civil Procedure — Stay of action — Exclusive foreign jurisdiction clause in contract — Applicable principles — English law and practice — Civil Law Act (Cap 43, 1985 Ed), s 5

The defendants, who are the State Shipping Corporation of India Ltd, owned the vessel the 'Vishva Apurva' which carried cargo belonging to the plaintiffs under bills of lading. The plaintiffs had shipped the cargo on board the 'Vishva Apurva' at Yxpila, Finland pursuant to bills of lading numbered 2 and 11. The cargo was to be discharged at Madras and Bombay in India. Enroute to India, the entire cargo and the 'Vishva Apurva' sank in a collision with the mv 'Dias' in the Red Sea on or about 6 August 1987. To enforce their claim for the loss of cargo, the plaintiffs cargo-owners commenced an action in rem against the defendants' ship, the 'Kalidas' in Singapore and caused the 'Kalidas' to be arrested on 5 August 1988. The plaintiffs contended that the 'Vishva Apurva' sank because she was unseaworthy in that the vessel was, at all material times, improperly manned and equipped or supplied and that the defendants had failed to exercise due diligence to make the 'Vishva Apurva' seaworthy.

The defendants applied by summons-in-chambers for a stay of all further proceedings in the plaintiffs' action in rem. The said application was dismissed by the assistant registrar on 6 February 1990. Subsequently, the defendants filed a notice of appeal to the judge-in-chambers on 9 February 1990 against the decision of the assistant registrar.

Before the judge-in-chambers, the defendants contended that although the plaintiffs' claim fell within s 3(1)(g) of the High Court (Admiralty Jurisdiction) Act (Cap 123, 1985 Ed), the plaintiffs' action was to be stayed in view of cl 17 of the